

## FISCAL ACCOUNTING POLICY

### **I. INCOME, EXPENDITURES, AND CONTROLS**

- A. The Presbytery of Great Rivers shall have a Budget funded from the following sources:
1. A per capita apportionment established annually by the Presbytery upon recommendation from the Administration Team of the Presbytery.
  2. Income from all invested funds except those exceptions voted by action of the Presbytery and unrestricted invested reserve funds.
  3. Miscellaneous receipts.
  4. Congregational support.
  5. Specific grants from General Assembly and Synod for special mission programs.
  6. Special gifts.
- B. Income received shall be expended in accordance with the budget adopted by the Presbytery, and in accordance with any related procedures and recommendations adopted by the Presbytery, and all specific designations shall be scrupulously followed.
- C. All restricted funds and trust funds received by and administered by the Presbytery shall be administered strictly in accordance with the stipulation of the restrictions and the provisions of the trusts.
- D. The reserve funds of the presbytery shall not be allowed to go below the total of the following two amounts; budgeted amounts for salaries and related expenses (for one year); restricted funds. The presbytery may vote by a 2/3 majority to set aside this requirement.
- E. All funds for all Presbytery programs shall be received by and expended by the Office of the Presbytery and no committee or persons shall hold funds for Presbytery programs or establish bank accounts for such funds.
- F. The financial records of the presbytery shall be audited by a certified public accountant designated by the Administration Team every three years. In the other two years, the financial records will be reviewed by two members of the presbytery designated by the Administration Team. The report of the audit will be submitted to the Administration Team for appropriate action. The Administration Team will report the completion of the audit/review, to the presbytery annually.
- G. Any persons handling funds and other assets of the Presbytery shall be bonded at the expense of the Presbytery in amounts to be determined by the Administration Team.
- H. Depending upon the nature of the need, all contracts obligating us to dollars or liability of any kind (other than property contracts) should be signed by two of the four of the following: General Presbyter, Corporate Secretary/Stated Clerk, Chair – Board of Trustees, or Treasurer. A central file of all financial contracts will be maintained by the Presbytery Office.
- I. Whenever practical, two or more bids should be secured for all services for which we contract. Any exceptions will require the General Presbyter's approval.

### **II. PLANNING, BUDGET DEVELOPMENT, AND EVALUATION**

- A. The Administration Team shall be responsible for the establishment of planning, budgeting and evaluating processes which are integrated with similar processes at Synod and General Assembly levels in order that the Mission of the church may be carried out effectively and efficiently in conformity to the Book of Order.

- B. The Administration Team shall be responsible for coordinating and integrating the budgets proposed by each organizational unit in developing and using appropriate procedures involved in planning, budgeting, and evaluating the fulfillment of their responsibilities.
- C. The Administration Team shall present the budget to the Presbytery Assembly for its action.

### **III. BUDGET ADMINISTRATION**

- A. Requests from any group for substantial changes in allocations above budget amounts, during the course of the year shall be presented to the Administration Team for approval.
- B. Administration of the Budget
  - 1. Expenses must be kept within the total of assigned budget limitations. Additional expenditures above the total budget can be made only with the approval of the Administration Team.

### **IV. GENERAL BUSINESS PRACTICES**

- A. Check Writing
  - 1. All Presbytery checks shall be written in the Presbytery office and no check shall be written without a substantiating voucher signed by the authorized person(s) or in the case of regular and recurring payments, approved by action.
  - 2. All checks and other obligations shall be signed by the Treasurer or, in the event of the Treasurer's inability, by such other person as the Board of Trustees shall have designated.
- B. Approval of Invoices and Vouchers
  - 1. The General Presbyter shall have general authority to approve vouchers to authorize expenditures. The Treasurer shall have general authority to approve vouchers to authorize expenditures in the absence of the General Presbyter.
  - 2. No voucher shall be approved and no check shall be issued except for expenditures which are a) within the authorized budget or b) otherwise have been approved by the action of the Administration Team.
- C. Purchases
  - 1. Office expenditures shall be administered by the Senior Administrative Assistant.
  - 2. Any single purchase exceeding \$500.00 for equipment or supplies shall receive prior approval by the General Presbyter.
- D. Financial Statements
  - 1. The Treasurer shall be responsible for the preparation and submission at each meeting of the Administration Team a statement of receipts and disbursements as compared to the budget for the most recent month ended.

### **V. INVESTMENT POLICIES**

- A. Investment Policy

As a general policy liquid cash reserves in an amount equal to three months of the budgeted expenses shall be maintained.

- B. General funds and balances above current maximum needs shall be invested in a mix of FDIC insured savings, secured funds, money markets, bonds and/or socially responsible securities not to exceed the following percentages:
  - 1. Equities - maximum of 65%  
High-quality, socially responsible, marketable securities.
  - 2. Bonds - maximum of 40%  
Taxable, fixed income securities that have and investment-grade rating of Baa or higher and possess a liquid secondary market.
  - 3. Money Market Funds - maximum of 30%  
Quality money market fund that will be utilized for liquidity needs whose purpose is to seek a high current income and principal stability.
  - 4. Secured Funds - maximum of 30%  
Money deposited at a local bank that is secured by bank assets.
- C. The Administration Team will retain the services of Investment Managers, who possess the necessary specialized research facilities and skilled staff to assure the expertise regarding current financial markets for investments. The Administration Team will allow the Investment Managers full discretion within the scope of the above mutually agreed upon investment guidelines.
- D. The Administration Team shall serve as an investment advisory committee to the Treasurer and Accountant. The Administration Team or its appointed sub-committee of the team will meet with investment advisors annually to evaluate the performance of the Investment/Trust Firms.

## **VI. FULLY ACCOUNTABLE EXPENSE REIMBURSEMENT PLAN**

The Presbytery of Great Rivers maintains a fully accountable expense reimbursement plan for its “employees” (see definition below) and volunteers, in accordance with the rules and regulations of the Internal Revenue Service. These regulations provide that an employee “need not report on his/her tax return” expenses paid or incurred by the employee solely for the benefit of the presbytery for which such employee is required to and does account to the presbytery and which are charged directly or indirectly to the presbytery. Accordingly, all property, goods and services purchased under this accountable expense reimbursement plan belong to the presbytery, not the individual.

In addition to the rules and regulations of the IRS, the following requirements for expense reimbursement apply.

- 1. All mileage expenses will be reimbursed at the applicable effective IRS rate. Documentation must accompany the request that lists the time and place, miles driven, identification of business and statement of business purpose.
- 2. Receipts are required for reimbursement of expenses.
- 3. Requests for reimbursement for meals, travel, lodging and related expenses must include the business relationship among the parties to sufficiently explain the business purpose and why the expense was incurred on behalf of the presbytery.
- 4. Requests for reimbursement will be made on an expense voucher, signed by the payee, approved in the same manner required for all checks and submitted for payment. Reimbursement requests should be approved by someone other than the payee.
- 5. Requests for reimbursement must be made promptly. (No expense will be reimbursed if submitted more than 60 days after expenses is paid or incurred by the employee)

6. Original receipts and documentation of the request for reimbursement will be retained by the presbytery to substantiate the expense. Examples of reimbursable business expenses include local transportation, overnight travel (including lodging and meals), books and subscriptions, education, and profession dues.
7. For purposes of this policy, the term "employee" includes Executive Staff, Support Staff and Contract Staff.

## **VII. PROPERTY AND LOAN POLICY**

As a church, we own property and other capital assets as a tool to carry out the mission of Christ's Church. Each congregation holds property in trust for the work of Christ in the name of the Presbyterian Church (U.S.A.) within the mission of the universal church Christ established. In the exercise of its trust it is accountable to the Presbytery which represents the interest not only of the church at large but also of former members and participants of the congregation whose offerings and sacrificial gifts helped establish and maintain the congregation in previous times.

Therefore, each congregation is obligated to have approval of Presbytery when it seeks to lease, sell, encumber or buy with an encumbrance any property. The role of Presbytery is to ensure that the proposal is fiscally sound and that it will serve to further the kingdom of God.

Therefore, as a basis for its approval, Presbytery will ordinarily review the legal documents, issues of value, questions of strategy, modes of payment and/or proposed uses of capital assets converted to cash in a sale. (Presbytery is not ordinarily directly involved in the transaction although its approval is legally required. However, within the church, it will commonly assure repayment to other governing bodies of this denomination when they make a loan to one of our congregations).

Any request for commitment of Presbytery funds for a congregational transaction will require a lengthy and intensive review of its strategic importance and viability, and of the fiscal soundness of the proposal.

According to the Bylaws of the Presbytery (Article VII), the Administration Team shall:

1. Receive, hold, encumber, manage and transfer real and personal property;
2. Act on requests from local churches dealing with loans, purchases of property and sales, all of which need Presbytery approval;
3. Review the report of the professional auditors and recommend its acceptance by the Presbytery and the adoption of the auditor's recommendations by the Presbytery;
4. Facilitate the management of the Presbytery's civil affairs in such manner as may be directed by the Presbytery and according to the Constitution of the Presbyterian Church (U.S.A.) and the laws of the State of Illinois.
5. Receive, for the Presbytery, requests by a particular church (or board of other organization with the Presbytery) to sell, lease or encumber any of its real property, or to buy real property subject to an encumbrance, and shall make appropriate recommendations to the Presbytery. (For property of value less than half the annual total contribution of the church, for a church not currently in debt to or receiving financial assistance from Presbytery, Synod, or General Assembly, the Trustees are authorized at their discretion to provide approval, and will report any such actions to the Presbytery).

Each particular church in order to sell, lease or obtain a loan on real property, or to buy subject to encumbrance, must obtain approval of its Session and of the Congregation, and submit one copy of an Information Form - Real Property Action to the Stated Clerk of the Presbytery.

Each particular church shall provide to the Stated Clerk of Presbytery, a Church Trustees Annual Report as of 31 December each year.

**INFORMATION FORM ON REAL ESTATE PROPERTY FOR**

\_\_\_\_\_ SALE                      \_\_\_\_\_ LEASE

- a. Name and address of church: \_\_\_\_\_
- b. Action for which approval is requested: \_\_\_\_\_ Sell                      \_\_\_\_\_ Lease
- c. Brief description of property: \_\_\_\_\_
- d. Reason for the action: \_\_\_\_\_

- 1. Is it used for worship or church program? \_\_\_\_\_
- 2. Is it adjacent or near currently used property? \_\_\_\_\_
- 3. How will property be used? \_\_\_\_\_
- 4. What effect will sale have on future life of church? \_\_\_\_\_

e. How are funds obtained in selling or leasing to be used? \_\_\_\_\_

f. Financial arrangement? \_\_\_\_\_

- 1. Appraised value \$ \_\_\_\_\_
- 2. Selling price \$ \_\_\_\_\_
- 3. Terms of Sale/Lease \_\_\_\_\_
- 4. Termination \_\_\_\_\_
- 5. Date of expiration of offer \_\_\_\_\_
- 6. Buyer/Lessee Name \_\_\_\_\_
- 7. B/Ls ability to meet terms of contract: \_\_\_\_\_

g. Date of Session recommendation: \_\_\_\_\_

h. Date of congregational action: \_\_\_\_\_

- 1. Number of people in attendance at meeting: \_\_\_\_\_
- 2. Number of "Yes" votes: \_\_\_\_\_                      Number of "No" votes: \_\_\_\_\_ (Preferably taken by ballot)

i. Signature \_\_\_\_\_                      Date: \_\_\_\_\_  
(Clerk of Session)

j. Date of Administration Team Action: \_\_\_\_\_

k. Date of Presbytery Action: \_\_\_\_\_

**INFORMATION FORM FOR REAL ESTATE PROPERTY**

\_\_\_\_\_ PURCHASE                      \_\_\_\_\_ MORTGAGE

- a. Name and address of church: \_\_\_\_\_
- b. Action for which approval is requested:    \_\_\_\_\_ Buy    \_\_\_\_\_ Mortgage    \_\_\_\_\_ Other Loan
- c. Brief description of property and/or project: \_\_\_\_\_  
(Attach legal description)
- d. Reason for the action and long term effect on the life of the church \_\_\_\_\_  
Total cost \$ \_\_\_\_\_
- e. Financial arrangement?
  - 1. Appraised value/estimated cost: \$ \_\_\_\_\_
  - 2. Contract price: \$ \_\_\_\_\_
  - 3. Terms of contract: \_\_\_\_\_
  - 4. Date of expiration of offer/option/bid: \_\_\_\_\_
  - Seller/Contractor name: \_\_\_\_\_
  - Money on hand to be applied to contract: \$ \_\_\_\_\_
  - Source of funds to be used in meeting this obligation: \_\_\_\_\_
  - Lending Institution: \_\_\_\_\_
  - Annual rate of Interest: % Total Interest: \$ \_\_\_\_\_
  - Schedule for payments/approximate date of final payment: \_\_\_\_\_
  - Anticipated period of loan or lease: \_\_\_\_\_
  - Evidence of ability to repay loan and maintain adequate cash flow: \_\_\_\_\_
  - Amount of loan (if any): \$ \_\_\_\_\_
- f. Current mortgages and any other indebtedness on the part of a church obtaining a loan: \_\_\_\_\_  
\_\_\_\_\_
  - 1. Principal Outstanding \_\_\_\_\_ Payment Schedule \_\_\_\_\_ Frequency \_\_\_\_\_  
Scheduled last payment \_\_\_\_\_
  - 2. Principal Outstanding \_\_\_\_\_ Payment Schedule \_\_\_\_\_ Frequency \_\_\_\_\_  
Scheduled last payment \_\_\_\_\_
  - Total of current debt servicing payments:    \_\_\_\_\_ Per month    \_\_\_\_\_ Per year
  - Are they current? \_\_\_\_\_
- g. Date of Session recommendation: \_\_\_\_\_
- h. Date of congregational action: \_\_\_\_\_
  - 1. Number of people in attendance at meeting: \_\_\_\_\_
  - 2. Number of "Yes" votes: \_\_\_\_\_      Number of "No" votes: \_\_\_\_\_ (Preferably taken by ballot)
- i. Signature \_\_\_\_\_                      Date: \_\_\_\_\_  
(Clerk of Session)
- j. Date of Administration Team Action: \_\_\_\_\_
- k. Date of Presbytery Action: \_\_\_\_\_

**CHURCH SESSION (TRUSTEES) ANNUAL REPORT As Of December 31, \_\_\_\_\_**

NOTE: Ultimately the Session is responsible for this report. If you have a Board of Trustees, you may choose to have them fill out the report. This information is REQUIRED BY THE PRESBYTERY OF GREAT RIVERS MANUAL.

Church Name: \_\_\_\_\_

Church Address: \_\_\_\_\_

A. ANNUAL AUDIT The Book of Order requires an annual audit of the church's finances by someone not related to the treasurer. (G-3.0113). See <http://www.pcusa.org/stewardship/financial.htm>.

Date of last church audit? \_\_\_\_\_ Prepared by: \_\_\_\_\_

**NAME**

**PHONE NUMBER**

B. INDEBTEDNESS Since "all property held by or for a particular church ... is held in trust ... for the use and benefit of the Presbyterian Church (U.S.A.)," (Book of Order, G-4.0203) the Presbytery needs to know what major improvements you've made and to what extent your church's property serves as security for mortgage loans or other debt.

- 1. Cost of this year's capital improvements \$ \_\_\_\_\_
- 2. Amount of new debt incurred this year \$ \_\_\_\_\_
- 3. From whom borrowed? \_\_\_\_\_
- 4. How secured? \_\_\_\_\_
- 5. New maturity date \_\_\_\_\_
- 6. Indebtedness remaining on money borrowed in previous years \$ \_\_\_\_\_
- 7. Total indebtedness (2+6) \$ \_\_\_\_\_
- 8. Total payment(s) per year \$ \_\_\_\_\_

C. INSURANCE

Does the church carry insurance for:

- a. Buildings \_\_\_\_\_ Yes \_\_\_\_\_ No If yes, the amount of coverage is \$ \_\_\_\_\_
- b. Contents \_\_\_\_\_ Yes \_\_\_\_\_ No If yes, amount \$ \_\_\_\_\_
- c. Personal Property \_\_\_\_\_ Yes \_\_\_\_\_ No If yes, amount \$ \_\_\_\_\_
- d. Prof Liability \_\_\_\_\_ Yes \_\_\_\_\_ No If yes, amount \$ \_\_\_\_\_
- e. Workers' Comp. \_\_\_\_\_ Yes \_\_\_\_\_ No If yes, amount \$ \_\_\_\_\_

Name of Insurance Company (s) \_\_\_\_\_

Insurance Policy # (s) \_\_\_\_\_

- f. *Employee Bonding* \_\_\_\_\_ Yes \_\_\_\_\_ No If yes, amount \$ \_\_\_\_\_
- g. *Employee Wrongdoing Ins.* \_\_\_\_\_ Yes \_\_\_\_\_ No If yes, amount \$ \_\_\_\_\_

**(PLEASE ATTACH A COPY OF CERTIFICATE OF INSURANCE)**

D. REMARKS

If you have additional information to provide or need additional information about any of the categories listed above, please use the back of this report for that purpose.

E. Prepared by: \_\_\_\_\_ Daytime phone: \_\_\_\_\_

Please return by January \_\_\_\_\_, 20\_\_\_\_ to Presbytery of Great Rivers, 1230 W Candletree Dr, Suite D, Peoria, IL 61614

## **VIII. POLICY ON PER CAPITA**

1. In order to meet the obligations of being a connectional church, the Presbytery of Great Rivers, as well as the Synod of Lincoln Trails and the General Assembly, have chosen to have a per capita apportionment (in accord with Book of Order G-9.0404d).
2. The per capita apportionment is seen as a fair way of distributing the cost of our governing bodies among all of us.
3. Recognizing that the payment of per capita is a voluntary response of commitment to the covenants that bind us to one another, we encourage the payment of the apportionment to be a high priority of each congregation.
4. The expenses covered by the per capita will be met by those congregations who pay. Therefore, withholding of per capita hurts other congregations and our ministry together. Allocation of funds is changed best at the time of budget formation, not after the fact in the paying or withholding of per capita.
5. For budget calculations it is necessary to use the active membership figure of the previous year.
6. The Presbytery is responsible for the collection and forwarding of per capita to the Synod and General Assembly. The Presbytery will submit payments to the Synod and General Assembly as received from congregations. By action of its Assembly, gaps in the payment of the apportionment may be made from Presbytery's funds and/or reserves.
7. The Presbytery, through its Administration Team, will make efforts to encourage the payment of the per capita apportionment. This may include reports to the Presbytery Assembly, letter, and phone visits with the pastor and Session.
8. Where there is ongoing refusal to pay any per capita apportionment, the Presbytery will see it as a sign of possible problems with our connectional relationship. The Administration will notify the COM of congregations who continue to not pay per capita.